

Gold Mining

approached \$1,200 million, a staggering production for a country with such a small population. Not only did this form a very large part of our gross national product; it provided the sinews for our manufacturing industry, making possible many of our primary and secondary industries. With the raw materials right at hand our manufacturers have an advantage over those in countries which have to import raw materials. So taken as a whole our mineral industry is probably the most important industry in this dominion. Now let us look at the figures for last year, which I obtained from the dominion bureau of statistics. I must say they rather surprised me. The production of our twelve leading minerals was valued as follows:

Gold	\$159,407,000
Nickel	150,600,000
Copper	149,300,000
Aluminum (ingots)	133,000,000
Zinc	132,900,000
Petroleum	121,400,000
Coal	110,000,000
Asbestos	78,800,000
Lead	56,100,000
Sand and gravel	42,900,000
Cement	40,200,000
Iron ore	26,675,000

It is interesting to note that our petroleum industry, of which we hear so much, ranks considerably below many metals, particularly gold. On these figures, showing gold to be the most valuable mineral produced in Canada, can we afford to jeopardize this industry? In my opinion, it is obvious that we cannot.

As the minister correctly stated, the gold mining industry finds itself in a very serious situation because of the fixed price. I shall deal with that later; at present I wish to deal with the routine of selling on what is known as the premium market. That market cannot by any stretch of the imagination be called a free market; it is a premium market. This is the routine. The mine produces the bullion and sends it to the mint, where it is refined into pure gold of a fineness of at least .995 plus. As a matter of fact pure gold from the Royal Canadian Mint is .9999 fine, or one part in ten thousand impure; and the mint deserves a great deal of commendation on the efficiency with which it produces pure gold. Then this pure gold is sent to a commercial refinery, where it is adulterated down to 22 carats or .9166 fine. This 22 carat gold is sold f.o.b. Malton to a broker, but of course only the pure gold content of the bar is paid for. The gold is then sent to Europe, generally to France, in 22 carat form. There it is resold for export as 22 carat or industrial gold. The 22 carat bar is exported to a nation which is not a member of the international monetary fund, where it is then re-refined into pure gold. That pure

[Mr. Adamson.]

gold is then re-introduced into France by clandestine means. In Paris it is sold for United States dollars or other hard currency. The gold is then shipped to private hoards, where it is lost to the monetary authorities of the free world. Other countries than France carry on this trade, of course, but that is the general procedure in the marketing of gold on the premium market.

Does this fantastic procedure make sense? To start with, the gold is lost to Canada. Second, the cost of this strange manoeuvre is in the neighbourhood of \$3 an ounce. Third, the bullion is finally lost to international trade; it goes into hoards and can be used by individuals and countries whose interests may be inimical to those of the democracies. This procedure defeats every intention of and is contrary to every principle enunciated by the international monetary fund; yet this procedure is forced upon us by the rules of the fund. Therefore the whole question of our continued membership in the fund must be considered.

I wish to mention very briefly that in fact there is no such thing as industrial gold. There is some use for gold architecturally, as gold leaf, but it is very small. Gold jewelry is frequently used for monetary purposes, particularly in the east. As far as the dental trade is concerned gold has many superior substitutes. In fact, "industrial gold" is in reality a misnomer, although there is a little bit so used. Gold is a monetary metal. It has practically no other use. In my remarks I shall consider it purely as a monetary metal.

We now come to the actual plight of the gold mining industry, and I wish to put on the record this year's statements of many of the presidents, mine managers and directors of our straight gold mines. I first want to start with the statement of Mr. Emery, vice-president and managing director of Kirkland Lake Gold Mining Company Limited. He says:

The proven ore reserves in the mine at the end of 1951 amount to 333,000 tons having a gross value of \$5,268,990, calculated at \$35 per ounce. An appreciable tonnage that had been carried as ore reserves was eliminated again this year as, under the present price of gold and increased cost of production, it could not now be classed as reserves.

Mr. Thomson, president of the Malartic Gold Fields Limited, says:

The total of developed and indicated ore reserves was lower than at the end of 1949. This situation arose because of the lower price obtained for gold and because estimated lower costs were not realized and therefore substantial quantities of ore, previously included in the reserves, had to be eliminated.